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UNITED NATIONS DEVELOPMENT PROGRAMME GULF TASK FORCE

Proposals for the socio-economic and environmental recovery of countries affected by the Gulf crisis of 1990-1991: Overview*

Report of the Administrator

SUMMARY

The present report contains an overview of proposals for the socio-economic and environmental recovery of countries affected by the Gulf crisis of 1990-1991. Three priority areas are targeted for technical cooperation support: (a) human development and returnees; (b) environmental rehabilitation; and (c) management of the economic impact of the crisis. The report contains proposals which the United Nations Development Programme has received from countries affected by the crisis as well as regional proposals. These proposals, which differ considerably in magnitude and detailed level of presentation, represent a broad sample of requirements. They should provide a useful basis for discussion and formulation of a strategy.

* A detailed proposal, costed project briefs and other related data prepared as part of this exercise are available from the office of the Gulf Task Force, United Nations Development Programme, DC-1, room 2254.

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I. BACKGROUND

1. The Gulf crisis, which began with the invasion of Kuwait by Iraq on 2 August 1990 and continued into 1991, devastated both countries. It had a serious impact on the economic development of neighbouring countries and affected that of other developing countries in the Arab region, Asia, Central and Eastern Europe, Africa and Latin America.

2. In a letter addressed to the President of the Security Council dated 22 March 1991, 21 Member States submitted a memorandum (S/22382) addressing the Security Council under Article 50 of the Charter. 1/ They estimated their losses as a result of complying with the provisions of resolution 661 (1990) at over $30 billion, and said "the problems affecting these countries persist, and in certain respects have been aggravated, while the appeals launched pursuant to the recommendations of the Security Council Committee and addressed to all concerned by the Secretary-General have not evoked responses commensurate with the urgent needs of the affected countries". In April, the Security Council again called on the organizations of the United Nations system to assist the affected countries (S/22548).

3. The Administrator submitted to the Governing Council at its thirty-eighth session (1991), a report on the impact of the Gulf crisis on developing countries: needs and initiatives (DP/1991/60). The preparation of document DP/1991/60, which contained a comprehensive analysis, involved extensive consultations with the United Nations Development Programme (UNDP) field offices, Governments and agency partners. The document analysed the impact, summarized emergency relief activities 2/ and proposed initiatives in the three priority areas outlined below to move beyond the emergency and enable affected countries to rechart their development process:

(a) Human development and returnees: to assist countries in the Arab region and in Asia to address the immediate needs of 3.5 million returning migrant workers, as well as to seek sustainable solutions in the field of employment and development;

(b) The environment: to assist the countries of the Gulf to recover from the impact of oil spills during the Gulf crisis (nearly twice the volume of the world's previous largest spill) and the fires in 800 Kuwaiti oil wells, as well as to manage the environment on a sustainable basis;

(c) Management of the economic impact of the crisis: to assist the countries of the Arab region, Africa and Europe to recover from the impact of lost remittances, trade, aid and grants, investment, oil-for-goods barter arrangements, and other economic impacts, through interventions in such fields as trade and energy.

4. In its decision 91/21 of 25 June 1991, the Governing Council requested the Administrator to "prepare a programme in keeping with the mandate of the United Nations Development Programme to help revive the social and economic development and the environment of the countries affected by the

crisis" and "to submit the programme, including financial needs, to the international community for its consideration at a meeting to be held in New York in the autumn of 1991 with a view to establishing a funding strategy".

5. Immediately after the adoption of decision 91/21, UNDP resident representatives were briefed and invited to contact Governments to coordinate, with all concerned, the formulation of costed, country-level proposals for presentation in the three areas described above. UNDP also briefed agency partners on the decision and regional components were formulated in all three areas.

II. PRIOR AND ONGOING ASSISTANCE FROM THE UNITED NATIONS SYSTEM

A. The inter-agency humanitarian relief effort

6. The evolving nature of the crisis required a commensurate response from the United Nations system under the leadership of the Secretary-General. In April 1991, in order to coordinate the relief work of the United Nations system, the Secretary-General appointed an Executive Delegate in the context of the United Nations Inter-Agency Humanitarian Programme for Iraq, Kuwait and the Iraq/Turkey and Iraq/Iran border areas. The Inter-Agency Humanitarian Programme brought together many specialized agencies of the United Nations and other bodies, each contributing according to their areas of expertise. The Office of the United Nations High Commissioner for Refugees (UNHCR), was designated the lead agency, with support from: the United Nations Disaster Relief Organization (UNDRO); the United Nations Children's Fund (UNICEF); the United Nations Volunteers (UNV); the World Health Organization (WHO); the World Food Programme (WFP); the Food and Agriculture Organization of the United Nations (FAO); the International Telecommunication Union (ITU); UNDP; and the United Nations Environment Programme (UNEP). The International Office of Migration (IOM) is also actively involved, as are many non-governmental organizations (NGOs).

7. The Inter-Agency Humanitarian Programme has focused on the relief needs of Iraqi refugees, returnees, internally displaced persons and vulnerable groups, and on the maintenance of a United Nations guards contingent in Iraq. However, despite the generosity of many donors, only 62 per cent of the $418.4 million target figure for this programme had been pledged or received as of the end of October 1991. Meanwhile, the Memorandum of Understanding reached earlier this year between the United Nations and the Government of Iraq expires on 31 December 1991.

B. The role of the United Nations Development Programme

8. Within the United Nations Inter-Agency Humanitarian Programme, the primary role of UNDP was at the field level. UNDP field offices in the Islamic Republic of Iran, Iraq, Jordan, Syria and Turkey helped to coordinate the response of the United Nations system, and provided logistical and administrative support. UNDP also provided much of the staffing for the Office of the Executive Delegate, located in Geneva, and for the office of his coordinator in Iraq.

9. UNDP sought to assist countries beyond the immediate area to move from relief to development activities by using indicative planning figure (IPF) resources to provide some support to those countries having to absorb large numbers of returning labour migrants. However, since the crisis came at the end of the fourth programming cycle (1987-1991), most of these resources had already been committed.

10. In order to assist in the move from emergency relief to development, the Administrator established a Gulf Task Force and, with the approval of the Governing Council at its session held in February 1991, allocated up to $4 million from Special Programme Resources (SPR) to help in emergency relief, as well as to respond to the social and economic needs created by the crisis. These funds have now been fully allocated or earmarked, and a separate report is available from the Gulf Task Force on their distribution by country and sector. The SPR allocation was especially useful in assisting countries to identify the technical cooperation and capital assistance necessary for socio-economic and environmental recovery and to formulate many of the proposals given below.

III. COMPILATION OF THE PROPOSALS FOR THE SOCIO-ECONOMIC AND ENVIRONMENTAL RECOVERY OF COUNTRIES AFFECTED BY THE GULF CRISIS

11. Because of the resources required from the international community for immediate relief operations, technical cooperation needs have received less attention. Yet, given the magnitude of the impact of the crisis on the developing world, the move must be made from emergency measures to sustainable economic growth and human development. UNDP has understood this to be the guiding spirit behind Governing Council decision 91/21. Although development programmes by their very nature require more time for formulation than emergency programmes, in this instance speed was of the essence in order to meet the Governing Council's request for the Administrator to submit the present document to the international community for its consideration at a meeting in the autumn of 1991.

12. The impact of the crisis has differed from country to country and has been addressed in a diversity of ways. The strategy followed by UNDP in preparing the present document has had two elements: (a) to respond to specific needs expressed at the country level and (b) to respond to those

needs which would benefit from a regional approach (e.g., returnees, the environment, trade and energy). Given the wide range of countries involved and the needs to be addressed, it is not the intention of UNDP to present its own package, nor to set a ceiling or floor for costed needs based on the relative size and population of the affected countries or on other factors.

13. In seeking inputs from countries to the three priority areas, UNDP stipulated only that proposals must respond to the direct impact of the Gulf crisis, and that there must be a clear distinction between pre-existing development problems and problems related to the Gulf crisis. Moreover, it was not the intention to take up all problems related to the Gulf crisis at the country or regional levels. Rather, the focus has been on the priority needs of countries under each of the three areas, even though these countries might have suffered losses in other areas.

14. The process of assessing the impact has not been simple, with diverse figures coming from different sources. Some of the proposals received are project ideas or outlines based on areas of need and will require more detailed formulation. In a few cases, costed proposals have not yet been received even though needs assessment exercises may have been carried out; these estimated needs are presented as "expressed needs", with an indication of when costed proposals can be expected. Owing to the diversity of the impact and the effort to be country-specific, the needs presented range from modest requests to an ambitious proposal for environmental rehabilitation.

15. Thus, because of the factors cited above, it has not been feasible to formulate a comprehensive programme of all needs and funding requirements. Nevertheless, a very useful purpose is served. The proposals that have been received from countries and reviewed by the Gulf Task Force are presented below. They provide the international community with an idea of the funding requirements to revive the development process of the affected countries. They also provide the basis for discussion of a funding strategy, as required in Governing Council decision 91/21.

16. The proposals detailed below are aimed at socio-economic and environmental recovery - not at relief - and thus do not duplicate any prior or existing relief efforts. This initiative differs from the United Nations Inter-Agency Humanitarian Programme in that it does not entail aid to Iraqi nationals, which is the main focus of the Inter-Agency Humanitarian Programme. It should also be pointed out that this initiative is not a vehicle for compensation, which is the task of the United Nations Compensation Commission. 3/

17. The proposals do not cover Iraq's medium- or long-term recovery needs, because of the country's special situation vis-à-vis the United Nations. Once this situation is resolved, Iraq will urgently need the support of the international community for multisectoral needs assessments and technical cooperation beyond humanitarian relief activities.

18. In spite of the geographic range and the need for coordination with a large number of partners, in assessing the impact of the Gulf crisis, UNDP drew almost entirely on existing financial and staff resources. UNDP extends its thanks to all of its partners in the United Nations system who responded so generously to this process (specific agency contributions appear under each regional and country component).

19. Although this is a UNDP initiative, it should not be seen as a UNDP package. UNDP has sought to be of service in assembling and presenting this material to the international community to enable discussion of a funding strategy. Donors and participants may wish to channel funds through UNDP and/or agency partners, or bilaterally. In some cases, Governments and field offices have been able to brief donors about the country needs expressed in these proposals.

20. For the purposes of the present document, regional proposals precede country proposals, which are presented in alphabetical order.

21. To date, humanitarian assistance efforts have helped save countless lives imperilled by the Gulf crisis. However, further measures are necessary if stricken economies are to be revitalized and the development momentum lost because of the crisis is to be regained. Above all, the deterioration in the quality of life and the drop in productivity of people affected by the Gulf crisis have to be redressed.

IV. PRIORITY AREAS FOR TECHNICAL COOPERATION SUPPORT

A. Human development and returnees

22. The Gulf crisis and its aftermath have highlighted the need for an integrated approach, in both labour-sending and labour-receiving countries to specific questions of emigration and return migration and, more generally, to human resource development. The return home of some 3.5 million migrant workers as a result of the crisis and the disruption or cessation of the flow of remittances, a key source of foreign exchange earnings for labour-sending countries, point to the importance of devising strategies to cope with the shock and its aftermath.

23. The following proposals fall into regional concerns (the Arab region and Asia; and Jordan, Lebanon and Yemen) and country-specific or territory-specific concerns in the Arab region and in Asia (Jordan, occupied Palestinian territories, Syria, Sudan, Viet Nam and Yemen).

1. Regional proposals

Human Development and Returnee Programme for the Arab Region and Asia

(Budget submitted: $8 million; document available)

24. At the regional level, UNDP invited the International Labour Organisation (ILO) to take the lead and formulate an integrated human development and returnee programme for the Arab region and Asia that would build on work to date. The draft programme was then sent for review and comment to the United Nations Office in Vienna, the Economic and Social Commission for Western Asia (ESCWA), the Economic and Social Commission for Asia and the Pacific (ESCAP), and the International Organization for Migration (IOM). The full programme document reviews prior and ongoing activities at the country and regional levels, and the gaps that remain to be addressed. A summary of the proposal follows.

25. The Gulf crisis and responses to it demonstrated the inability of countries to absorb unexpected, sizeable flows of returnee migrants into overcrowded domestic labour markets. Their own difficult economic situations were already characterized by mounting unemployment and stringent structural adjustment programmes. Accurate information about returnee numbers, skill profiles and their regional distribution were lacking.

26. The activities in this field to date have made clear that (a) in general, labour-sending countries have not yet succeeded in setting up sound national systems to ensure the smooth flow of migrant labour, nor have they been able to create a favourable environment to reintegrate returning migrants into the national economy; (b) these countries have become highly dependent on labour export, yet their educational and training policies remain too rigid to respond to the changing level and pattern of demand from labour-receiving countries; and (c) labour-sending countries have no clear idea about the evolution of demand for their workers by labour-receiving countries.

27. The primary beneficiaries of this regional proposal would be the estimated 3.5 million migrant workers and their families (which, given the high dependency ratio, could reach 18 million people) in the countries worst hit by the return of labour migrants as a result of the Gulf crisis. These include, in the Arab region: Egypt, Jordan, Lebanon, Morocco, the Sudan, Syria, Tunisia, and Yemen; and, in Asia: Bangladesh, India, Pakistan, the Philippines, Sri Lanka and Viet Nam.

28. The regional proposal aims to strengthen the capacity of labour-sending countries in the Arab region and Asia to devise labour policies and strategies; enhance the knowledge base of the domestic labour markets of the labour-sending countries; and improve the prospects of demand by labour-receiving countries. It will help labour-sending countries in Asia and the Arab region to cope with the negative impact of the Gulf crisis by establishing a support system operated by trained personnel for returning migrants in each of the beneficiary countries while ensuring improved information flow between labour-sending and labour-receiving countries.

29. The proposal draws on several country-level missions by ILO to assess the impact of the Gulf crisis. Examples are the multidisciplinary mission to Jordan in 1989, which anticipated the problem of return migration; the needs assessment mission to Yemen in 1991, which pinpointed areas of intervention to cope with the return of over 700,000 Yemenis; the multidisciplinary mission to Egypt, which produced a programme on job creation to be implemented by the Social Development Fund; ILO participation in the UNDP mission to the occupied Palestinian territories to assess employment opportunities in that region; the needs assessments in various Asian countries, particularly Bangladesh.

30. Because of its human resource development components, the programme would also benefit the labour force at large, with particular attention given to youth, the majority of the unemployed, and women, who bear the brunt of migration at the household level. Labour-receiving countries also stand to gain a better understanding of the evolution of their own labour markets as well as improved migration flows from the sending countries.

31. The proposal offers an integrated approach to designing coherent job creation programmes including: (a) training and retraining at the enterprise level and self-employment level; (b) development of small and medium enterprises; (c) upgrading of the informal sector; (d) job creation through labour-based activities, especially those related to infrastructure; (e) creation of suitable organization patterns for enterprise development, particularly cooperatives; and (f) job creation for specific groups, especially women and youth.

32. The programme will deal with selected elements common to all labour-sending countries. It will seek to devise a system of information on migratory movements with minimum standards for data generation while remedying existing deficiencies in data collection processing and publication. It will develop local capacity for the analysis and the dissemination of data related to labour force utilization and migration. It will undertake research on the future of labour markets in labour-receiving countries and on demand for migrant labour in the light of different growth projections derived from national labour development plans and government development plans generally. Arrangements should be made for regular exchanges of experience between labour-sending countries in Asia and the Arab region. Finally, it will assist in country-level project formulation in the sphere of labour migration.

33. The success of the proposed programme, costed at approximately $8 million, will depend on developments in other areas, some of a long-term nature. Imbalances in the labour markets in almost all the labour-sending countries can be traced to high rates of population growth, inefficient market clearance and a system that inhibits productivity growth. The interaction of high population growth rates and a lack of sustainable economic growth clearly suggest that emigration should be considered as an integral component of future development strategies.

Gulf War Recovery Programme for Women (Jordan, Lebanon, Yemen)

(Budget submitted: $3 million; document available)

34. Three of the countries most severely challenged by the task of absorbing returnees are Jordan, Lebanon and Yemen whose respective unemployment rates have soared to 30 per cent, 35 per cent and 25 per cent respectively. Unemployment rates are even higher among women, which has led the United Nations Development Fund for Women (UNIFEM) to propose a regional project specifically geared to their needs. UNIFEM has already allocated $1 million to this project, and is seeking $2 million in cost-sharing. The Gulf War Recovery Programme for Women will help strengthen institutions in each of the three countries to provide women with skills and credit to start enterprises to support themselves and their families. Using revolving loan funds, the project will enable women to establish their own labour-intensive businesses in such areas as clothing, footwear, cleaning products, school furniture, glassware, food processing and marketing of the dairy produce.

2. Country-specific and territory-specific proposals

Jordan

(Expressed needs costed at $4.5 billion; document available)

35. In the case of Jordan, the Gulf crisis forced the return home of about 300,000 migrant workers, representing a sudden 10 per cent increase in the total population. The human dimension of the problem was compounded by the arrival of over 800,000 non-Jordanian Gulf evacuees who had to transit through Jordan. Unemployment worsened and reached 20 per cent by the end of 1990.

36. The estimated impact of the crisis, aggregated for 1990-1991, totals $4,369 million and includes the loss of exports valued at $985 million and remittances of $769 million. If the $2.9 billion loss of Jordanian assets and bank accounts in Kuwait are included, Jordan's losses caused by the Gulf crisis exceed $8 billion. Gross domestic product (GDP) fell by 10 per cent in real terms during 1989. Based on the results of a successful mission supported by UNDP and led by the former Director-General for Development and International Economic Cooperation, as special envoy of the Secretary-General, Jordan received bilateral support in the order of $1 billion.

37. Of the 300,000 returnees, 94 per cent are concentrated in the central governorates of Amman, Zarqa and Irbid, bringing the total population of the region to almost 2 million and putting great strain on its social and physical infrastructure. Medium- to long-term solutions include the possible redeployment of part of the population to other areas with a high potential for development. However, cost estimates presented here deal only with the needs of returnees in their present location.

38. The Gulf crisis has changed Jordan's socio-economic development priority from that of achieving growth and prosperity to one which seeks to minimize deterioration in living standards. After a study of the returnee situation (with support from the SPR allocated to assist countries affected by the Gulf crisis), the Jordanian Government has estimated that assistance in the order of $4.5 billion will be needed to resettle Jordanians and to revive the country's economy allocated as follows: $2.006 billion for resettlement services (covering housing and related infrastructure, water and sanitation, education, health care, municipal services, roads, and other services); $1.729 billion to create jobs for the returnee labour force, 83 per cent of which is unemployed; and $800 million for five-year recurrent expenditure. The results of the study were discussed at preliminary meetings with donors at the country level, and detailed project proposals are currently being formulated.

Occupied Palestinian territories

(Proposals costed at $86.5 million; document available)

39. The Gulf crisis has had far-reaching implications for the economy of the occupied Palestinian territories. Of the estimated 54,000 Palestinians obliged to return to the occupied Palestinian territories because of the Gulf crisis, 26,000 had been working in Kuwait, the rest in Saudi Arabia and the adjacent Gulf States. Remittance losses are estimated at an annual $146 million. By the first half of 1991, up to 95,000 of the estimated 304,000-strong labour force was said to be unemployed, compared to 12,800 in 1990, representing annual income losses of some $380 million.

40. In April 1991, the Secretary-General requested UNDP to lead a United Nations inter-agency mission to the occupied Palestinian territories, with particular regard to the effects of the Gulf war, and to develop income-generating activities. The mission was undertaken in May 1991 and helped design an employment-generation programme covering a range of activities, including education ($34.7 million), health ($8.83 million), industry ($20 million), rural water and electricity ($4.4 million), urban water ($10 million), small-scale credit ($4 million) and rural employment ($4.6 million). Special attention was paid to the needs of the Gaza Strip, given that per capita income there is one third lower and the birth rate significantly higher than in the West Bank.

Syria

(Budgets submitted: $1.8 million; document available)

41. Syrian returnees numbered 130,000, and the Syrian Government estimated losses at $11.335 billion, including lost assets of Syrians in Kuwait. The response to the Syrian Government's appeal for economic assistance totalled some $1.971 billion. Also, the Kuwaiti Government paid each Syrian returnee family the equivalent of $1,785 to assist with reintegration. Pressing needs have been identified by an assessment carried out in late March 1991 by the

United Nations Educational, Scientific and Cultural Organization (UNESCO) of the impact of the crisis on Syria's educational system. Proposals have been made to help to alleviate the cost of absorbing the returnee students, which has been estimated at the equivalent of $7.3 million (or a 1 per cent increase in the educational budget). The proposals total $1.8 million, including (a) an expansion of workshops for the maintenance of technical education materials - $300,000; (b) a pilot project for low-cost educational buildings - $500,000; (c) the expansion of a school furniture production workshop - $300,000; and (d) the establishment of a complex for practical training in basic education - $740,000.

Sudan

(Budgets submitted: $7.6 million; document available)

42. At the outbreak of the Gulf crisis, the economy of Sudan was already experiencing substantial structural difficulties resulting from unfavourable terms of trade, drought and a long-standing civil war. The Ministry of Finance and Economic Planning estimated direct losses from the Gulf crisis at $1.185 billion, resulting from declining remittances, rising costs of imported goods, losses in export earning and the scaling down of development aid. It cost the Government an estimated $7 million to mobilize transportation for over 30,000 returnees and an additional $2.7 million to transport returnees from Port Sudan to other parts of Sudan. With assistance from UNDP, the Government formulated project proposals dealing with the specific returnee needs arising from the Gulf crisis. These include $636,000 for the purchase of land and agricultural machinery to help to launch returnees as smallholders; $6.8 million to develop industrial estates and vocational training centres for returnee artisans; and $200,000 to help to computerize the operations of the Bureau for Sudanese Nationals Working Abroad.

Viet Nam

(Budgets submitted: $3.9 million; document available)

43. The total loss of the Gulf crisis to Viet Nam was estimated at $379 million, representing 3 per cent of gross national product (GNP), mostly as a result of the loss of export labour to the Middle East and the return of 16,268 workers to their home country. This places Viet Nam among the most seriously affected countries outside the Middle East. There are currently no major external donors providing direct assistance to Viet Nam to help it cope with the aftermath of the Gulf crisis. A few international agencies helped the Government in its efforts both to support workers caught in Iraq during the crisis and then repatriate these workers to Viet Nam.

44. A UNDP needs assessment mission, funded from the SPR allocated to assist countries affected by the Gulf crisis, visited Viet Nam in September 1991 to assess the impact of the Gulf crisis on the Vietnamese economy, and, in cooperation with the Government, prepare a programme of assistance.

45. Two proposals are specified for funding. The first ($100,000) is for retraining workers returning from Iraq, targeted at 800 men and women who were forced to leave Iraq between October 1990 to March 1991 and who are still without work or income. Training will be provided in the four vocational courses of plastering, carpentry, metalworking and tailoring; some returnees will receive business management training. The second project ($3.8 million) is for skills enhancement for returning overseas workers. The project objectives are to provide skills that allow the reabsorption of returning workers, while capitalizing on the potential contribution to development of members of this group, who have some capital reserves for investment in small enterprises. The target beneficiaries will be the returnees from the Gulf, although in order to be sustainable, the project will assist a larger group of Vietnamese returnees and other workers.

Yemen

(Emergency Recovery Programme costed at $245 million, of which $86 million in credits and grants is provided through the World Bank-led Emergency Recovery Project and associated activities; document available)

46. Already coping with the adjustment to national unification in May 1990, Yemen estimates its losses arising from the impact of the Gulf crisis at $1,384 million. Some 750,000 Yemenis returned from the Gulf States, increasing the resident population by 7 per cent and placing enormous strains on social services and physical infrastructure. Lost remittances have been calculated at $400 million and lost exports amount to $273 million.

47. UNDP, United Nations system agencies and the Government have been working jointly on a major $245 million multisectoral Emergency Recovery Programme (ERP) set up in collaboration with the World Bank to handle returnee needs, ranging from infrastructure to employment creation. To date, the World Bank has mobilized $60 million in credits and grants for an emergency recovery project within ERP, including $33 million from the International Development Association (IDA); $15 million from the United States Agency for International Development (USAID); and $4.5 million from Germany. UNDP provided $400,000 from the SPR allocated to assist countries affected by the Gulf crisis in order to give support to the Government's Project Management Unit, which is coordinating the ERP. Activities targeted to ERP objectives by the United Nations Capital Development Fund (UNCDF), UNICEF, the Netherlands, and others bring total funds available for this programme to $86 million. This leaves a funding gap of $159 million to implement the ERP.

48. The Government's objectives for the ERP are to: help in ensuring provisions for incremental social infrastructure to meet returnee-generated needs; supply incremental consumption goods necessary to maintain nutritional levels and living standards, as well as the momentum of economic activity; and create employment opportunities for returnees. To address these objectives, the ERP includes provisions for: (a) the construction of civil works and housing; (b) the maintenance of production and employment in the agriculture and fisheries sectors; (c) the strengthening of social services; (d) the

extension of existing private sector activities; and (e) the expansion of vocational training. These components include financing for spare parts, equipment and materials, and imported consumption goods, as well as direct incentives for returnees, such as employment opportunities and casual labour, and training for men, women and youth.

B. Environmental rehabilitation: regional proposal

49. The Gulf war represented a direct and unprecedented assault on the environment and natural resources of the lands, air and waters covered under an agreement which established the Regional Organization for the Protection of the Marine Environment (ROPME), whose members are: Bahrain, Iran (Islamic Republic of), Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates. The largest oil spill in history, the ignition of nearly 800 oil wells, and military activities in a fragile arid environment all created a massive and potentially devastating disruption to the region's natural environment.

50. Estimates of the total spilled volume of oil range between 6 and 8 million barrels - nearly twice as great than the world's previous largest spill. In addition, an unknown portion of the smoke generated from the burning of some 2 million barrels of crude oil daily has polluted the air both within and outside the ROPME region. Prevailing meteorological and oceanographic currents spread the oil spill throughout the ROPME sea area during the following weeks, endangering coastal facilities and natural resources especially along the Saudi Arabian and Iranian coasts. Although early predictions of immediate catastrophic impact upon the global climate failed to materialize, regional impacts such as reduced air and sea temperatures, land pollution and decreased incident radiation have been observed by assessment teams. Long-term impacts are as yet unknown.

51. The events surrounding the crisis provided the first major test of a new sense of global responsibility towards the world's environment. Within a week of the initial spill, the international community, led by the United Nations, mobilized the first international coalition to address an environmental crisis. By 15 March 1991, all the activities of the United Nations system had been drawn together into the United Nations Inter-Agency Plan of Action for the ROPME region, which was developed by the United Nations Environment Programme (UNEP) in cooperation with ROPME and concerned United Nations agencies. United Nations specialized agencies and other bodies involved in the inter-agency consultations are: FAO; the International Atomic Energy Agency (IAEA); the International Maritime Organization (IMO); the International Oceanographic Commission (IOC) (UNESCO); the International Union for the Conservation of Nature and Natural Resources (IUCN); ROPME; the United Nations Conference on the Environment (UNCED); UNDP; UNDRO; UNEP; the United Nations Industrial Development Organization (UNIDO); WHO; the World Meteorological Organization (WMO); and the World Wildlife Fund (WWF). The plan covers four separate but interlinked areas: the marine and coastal environment, the atmosphere, inland terrestrial areas, and hazardous waste management. It covers three phases: the survey phase, the assessment phase, and the plan design phase.

52. Many clean-up operations have been undertaken by the States themselves, with the assistance of United Nations agencies, particularly the International Maritime Organization (IMO), which set up a Gulf Oil Pollution Disaster Fund that mobilized $5.6 million. Activities were also taken to strengthen national capacities: the UNEP trust fund mobilized resources for a regional computerized data system to be established at ROPME.

Consolidated Rehabilitation Programme

(Expressed needs costed at $2.8 billion; document available December 1991)

53. In mid-October, the ROPME Ministerial Council decided to present a Consolidated Rehabilitation Programme (CRP) through UNEP to the meeting of the international community convened by UNDP. The CRP is expected to be prepared by the end of November 1991 with the assistance of UNEP and UNDP, other United Nations agencies, concerned institutions and the ROPME national focal points at indigenous environmental institutions.

54. Earlier, the following agencies were involved in a costed proposal prepared under contract to UNDP: FAO, IMO, UNEP, UNESCO/IOC, UNIDO, WHO, WMO, the World Bank - as well as ROPME and its national focal points in Bahrain, Iran (Islamic Republic of), Kuwait, Oman, Qatar and the United Arab Emirates. In this proposal, which will form part of the CRP, the Saudi Meteorology and Environmental Protection Administration estimated that as much as $2.8 billion would be necessary to restore the environment of the ROPME region to what it was before the conflict. Funds of this magnitude would be necessary to survey the Gulf fully, conduct clean-up operations and strengthen regional and national capacities through the transfer of technology, human resources development and the upgrading of national institutions.

55. The countries of the region themselves are and will be contributing at the national and regional levels. Once it is completed, the CRP will spell out the contributions and activities by the ROPME member States and call on the international community for contributions to activities of a regional nature and those beyond the capacities of the States themselves.

C. Management of the economic impact of the Gulf crisis

56. In financial terms, many countries, e.g., those of Central and Eastern Europe, were seriously affected. They had contracts with Iraq for the purchase of oil at prices fixed below the world market price; they paid for oil imports by exchanging contractual services and barter arrangements; many had outstanding debts owed to them by Iraq, in addition to their already heavy debt-servicing obligations.

57. These and other countries with strong trade links with Iraq, such as Egypt, Jordan, Lebanon, Turkey and Yemen, suffered severe financial stress as a result of the termination of trade and capital ties with Iraq, as well as with other Gulf States. These countries also lost equipment and other assets

which were destroyed, damaged or which disappeared, along with property left behind by nationals working under contract. The cost of their repatriation must be considered too, as well as the cost of goods produced to order for the Gulf markets which could be neither delivered nor sold on other markets. The effects of these losses on the balance of payments and debt-servicing capacity of the impacted countries has compounded existing macro-management problems.

58. The following proposals fall into regional concerns (Central and Eastern Europe) and country-specific concerns (Algeria, Djibouti, Lebanon, Mauritania and Turkey).

1. Regional proposals

59. Proposals for both regional and country activities for Central and Eastern Europe, in the area of trade and energy, emerged from a series of UNDP missions funded from the SPR resources allocated to assist countries affected by the Gulf crisis.

Central and Eastern Europe regional trade

(Budgets submitted: $2.5 million; document available)

60. Countries that require assistance for the revival of trade include Albania, Bulgaria, Czechoslovakia, Hungary, Romania and Poland. In the area of trade, Bulgaria, Hungary and Romania, deprived of their long-time markets in the Gulf countries, are now looking to improve product quality and range as part of their search for alternative markets.

61. Based on the UNDP mission reports and discussions with Governments, as well as on their own missions, the International Trade Centre (ITC) has formulated a regional proposal for trade renewal and recovery, covering a range of agricultural and manufactured products and sectors, and costed at $2.5 million. The proposed technical cooperation package would help Central and East European countries to create new product lines in agriculture and industry while renewing and revitalizing old ones in a bid to acquire new markets, especially in Western Europe, and to reopen traditional trading links in the Gulf countries.

62. The project would reflect the specific needs expressed by Governments (such as trade information, product and market development, promotion of products and services) and assist in project and programme formulation for specific sectors. For example, Bulgaria wants to develop an information system on new markets as well as marketing strategies and promotional skills for its products overseas. With ITC support, Hungary has developed a marketing and training proposal to develop new markets and products as well as a cadre of trained management in the nation's newly privatized firms. The Ministry of Industry of Romania has requested help to develop a computerized international cooperation information tracking system.

63. With the Bulgarian market for metal products and that for Hungarian buses severely reduced as a result of the Gulf crisis, both countries see the need for product redesign and restructuring to target new markets. Romania estimates that $8 million is required to revive the agricultural sector in the wake of the crisis and that a project formulation exercise is necessary.

64. Bulgaria, Hungary and Poland have all requested assistance to help them undertake direct marketing efforts to Kuwait. In this connection, the Chamber of Commerce of the United Arab Emirates has already expressed interest in holding a one-week workshop under the auspices of the Gulf Cooperation Council to review the effect of the Gulf crisis on trade with the countries of Eastern and Central Europe and to find ways of expanding trade relations.

Central and Eastern Europe regional energy

(Expressed needs costed at $500,000)

65. Prior to the Gulf crisis, the industries of Central and Eastern Europe had grown accustomed to guaranteed oil supplies at below market prices, which had encouraged practices of high energy consumption. The loss of subsidized oil from Iraq, along with the retreat from central planning and the increasing privatization of the manufacturing and production base, makes energy efficiency a priority in economic planning. This includes waste energy recovery, conservation and environmentally sound technology.

66. Within the current indicative planning figure (IPF) framework, a UNIDO-executed project on Regional Cooperation in the Field of Industrial Energy Conservation, involving Bulgaria, Hungary, Poland and Romania, is nearing completion. One of a series of World Bank energy development projects is still under way in Hungary, while the European Community has just begun a two-year, $15 million project to review safety standards in nuclear plants in Bulgaria and Romania.

67. It is proposed that a regional project of $500,000 be formulated covering Bulgaria, Czechoslovakia, Hungary, Poland and Romania, to devise specific energy conservation plans for selected energy-intensive industries. The project should take into account current national industrial development planning strategies. For example, the Ministry of Industry of Romania has compiled a volume of industry and plant-level development proposals integrating energy efficiency and conservation needs. The country has also identified the need for technical cooperation coupled with large-scale capital investment to raise the efficiency of its chemical and metallurgical industries and its oil-refining capacity. Bulgaria seeks a pre-feasibility study on the conversion of its oil refinery residues into petrochemical products for the national and possibly international markets.

68. The proposed project would expand and consolidate the gains made in energy auditing, research and energy conservation techniques, plus the regional cooperation network set up by the UNDP/UNIDO energy conservation scheme.

2. Country-specific proposals 4/

Algeria

(Expressed needs costed at $500,000)

69. Algeria faces a situation in which the possibilities for external finance have disappeared because of the demands on international liquidity for post-Gulf crisis reconstruction. This has worsened the country's prospects of handling its heavy debt burden, which is seriously undermining its development. The Algerian authorities requested UNDP funding for a national consultant to assess the impact of the Gulf crisis. With the assistance of the United Nations Conference on Trade and Development (UNCTAD) and the UNDP Field Office, a $500,000 external debt management proposal is being formulated.

Djibouti

(Budgets submitted: $8.5 million; project briefs available)

70. Djibouti's economy relies primarily on its strategic location as an export and re-export centre. Its economic development depended heavily on investments from the Gulf countries to expand sea and air links, as well as agriculture. Those investments were frozen and/or delayed as a result of the Gulf crisis. The Government is requesting assistance from the international community for five projects. The first request is for cost overruns on the extension of the Djibouti international port due to the stoppage of work because of the crisis ($1.8 million). The second is for the expansion of the duty-free zone and overhaul of its services to pave the way for private investment ($5 million).

71. Two projects are requested to strengthen Djibouti's international airport, one for cost overruns due to the stoppage of work on the expansion of the runway and other facilities caused by the crisis ($3.4 million) and the other for ground service facilities ($1.4 million). In the latter case, the Gulf crisis so reduced passenger traffic that Djibouti Airlines went bankrupt and the airport had to take over passenger and baggage-handling facilities. Finally, Djibouti's agricultural sector was to be revived with a date-palm cultivation project cofunded by Iraq. Funds are being requested to replace the Iraq financing of $3.7 million, in order to allow purchase of 36,000 date-palm saplings, which will assist in the cultivation of other produce and in the fight against desertification.

Lebanon

(Budgets submitted: $1.05 million; document available)

72. The rehabilitation of Lebanon's economy, already devastated by years of civil war, has suffered a further setback from the impact on the economy of the Gulf crisis, which precipitated the return of 60,000 Lebanese from the Gulf. The yearly remittances of the Lebanese community in Kuwait were

estimated at $500 million. Financial assets of the Lebanese community in Kuwait were conservatively estimated at $500 million, while its physical and business assets run into hundreds of millions of dollars.

73. At the request of the Secretary-General, UNDP led a United Nations inter-agency mission to Lebanon to report on the overall economic situation of the country and technical cooperation needs for rehabilitation. The report of this mission will provide the basis for a broad international appeal for Lebanon.

74. In the interim, the Gulf Task Force sought to examine the direct impact of the Gulf crisis on the most severely affected area of trade. The direct and immediate economic effects of the Gulf crisis included the loss of important export markets in Iraq and Kuwait and a decrease in exports to other Gulf States, representing more than half of the country's exports.

75. The Lebanese Government is seeking international assistance to alleviate the disruptive factors arising from the crisis which inhibit the ability of Lebanon's business sector to rebuild trade links with the Gulf States. In product sectors where this is either not feasible or not viable from the point of view of the future stability and growth of Lebanon's export trade, the goal is to encourage exporters to seek new markets. In response to this request, UNDP fielded a mission with ITC in October 1991, funded from the SPR allocated to assist countries affected by the Gulf crisis.

76. The mission formulated four specific project proposals. The first proposal ($247,000) will address the disruption of established marketing channels and the consequent loss of Lebanese exports of horticultural products to the Gulf States and Iraq, which traditionally absorbed about 90 per cent of Lebanon's exports of all horticultural products. The second ($338,000) will address the disruption of established marketing channels and the consequent loss of Lebanese exports of manufactured and processed products to the Gulf States and Iraq, which absorbed over 45 per cent of Lebanon's total exports of manufactured and processed products. The third ($227,000) addresses disruption of traditional arrangements for the financing of exports from Lebanon to the Gulf States. The fourth ($243,000) addresses the lack of an effective institutional infrastructure and services for assisting the business sector to regain lost Gulf markets or to diversify into new ones.

Mauritania

77. The most direct impact of the Gulf crisis on Mauritania was the loss of development assistance and investment from Iraq and Kuwait. Losses reflected the country's economic links with Kuwait, a major donor whose grants account for 40 per cent of the overall investment programme. These included projects financed by the Kuwait Fund for Arab Economic Development and by the Kuwait-based Arab Fund for Economic and Social Development ($258.6 million). Losses resulting from the country's economic ties with Iraq include joint fishing ventures, mining, assistance in training, the provision of medical supplies, scholarships, and agricultural equipment all valued at $215 million.

Mauritania has requested UNDP assistance in fielding a mission to study the impact of the Gulf crisis on the most-affected sectors - fisheries, mining, agriculture and industry - and to prepare proposals for recovery. The results of the mission are expected in December.

Turkey

(Budgets submitted: $108.6 million; documents available)

78. The Turkish Government has given a preliminary estimate of its losses stemming from the Gulf crisis at over $6 billion, including loss of tourism, cancelled service contracts, lost exports, as well as lost foreign investment and remittances. Turkey's efforts to cope with the Iraqi refugee problem between April and September 1991 seriously strained the country's services.

79. At the Government's request, the Food and Agriculture Organization of the United Nations (FAO) made an initial assessment of requirements in the affected border areas for sustainable agricultural rehabilitation. The proposed rehabilitation programme is estimated at $107.4 million, and covers three phases: immediate assistance to redress setbacks suffered by the rural population in the area; short-term assistance (one-year maximum) to help prepare for the next cropping season before the onset of winter; sustainable agricultural reconstruction, which is expected to take at least three years. The programme has the following components: infrastructure development, roads, irrigation ($68.5 million); livestock development ($10.2 million); reforestation ($7 million); agricultural credit programmes ($13 million).

80. A second proposal relates to the Development Foundation of Turkey, a non-governmental organization (NGO) which focuses much of its activities on income-generating schemes for rural women. Because of the impact of the Gulf crisis, especially on local tourism, the Foundation has been forced to curtail revolving fund operations which were essential to the carpet trade. A $360,000 project to provide temporary financial support to return the Foundation's programme to pre-Gulf crisis capacity levels is being proposed. This would double the number of women currently employed who are in a position to improve their education and skill levels through literacy training, home economics and weaving. It would also contribute to the general social welfare through food aid and health assistance.

81. A third proposal requires $300,000 to help establish an efficient disaster-preparedness and disaster-relief management structure. The project would set up an emergency centre in the Ministry of Foreign Affairs with the necessary communications equipment and provide training for a nucleus of qualified disaster managers in government service and in the Red Crescent Society. It would also help prepare a national disaster management plan and seek to strengthen local and regional disaster-management capabilities. A final proposal is for $650,000 to support a plan prepared by UNICEF to help the two most affected provinces to restore health and technical services that were severely disrupted by the Gulf crisis.

V. CONCLUSIONS

82. The proposals presented above have sought to move beyond the analysis of the impact of the Gulf crisis provided in document DP/1991/60 and furnish costed country and regional proposals for socio-economic and environmental recovery, as requested in Governing Council decision 91/21 of 25 June 1991.

83. As noted above, although the preparation of these proposals has been a UNDP initiative, it is not a UNDP package. Actions in relation to needs may be undertaken through UNDP and/or agency partners or bilaterally. UNDP is well aware of the diversity and range of the proposals presented as a result of the approach adopted, which is both country-led (allowing individual countries to specify their needs for recovery from the impact of the crisis) and also regional in approach in the areas that UNDP and the Governing Council believe to be the most pressing: human development and returnees; the environment; and the management of the economic impact of the crisis. UNDP greatly welcomes guidance from the international community on the further development and implementation of these proposals and also of the future role of UNDP.

84. In discussing a funding strategy, the international community meeting on 16 December 1991 may wish to call on the Secretary-General to launch an appeal and to host a pledging conference to meet the needs elaborated in this document. In all cases, it is imperative that concrete decisions be made on how to move forward: the Gulf crisis has created real needs that require a commensurate response.

Notes

1/ The 21 countries are: Bangladesh, Bulgaria, Czechoslovakia, Djibouti, India, Jordan, Lebanon, Mauritania, Pakistan, the Philippines, Poland, Romania, Seychelles, Sri Lanka, the Sudan, the Syrian Arab Republic, Tunisia, Uruguay, Viet Nam, Yemen, Yugoslavia.

2/ See also the following papers, available on request, prepared for the Gulf Task Force: Impact of the Gulf crisis on developing countries and The Gulf crisis: Opportunity for action.

3/ In Security Council resolution 687 (1991), the Security Council decided to create a fund to pay compensation for claims regarding "any direct loss, damage, including environmental damage and the depletion of natural resources, or injury to foreign Governments, nationals and corporations, as a result of Iraq's unlawful invasion and occupation of Kuwait". It directed the Secretary-General to recommend mechanisms to administer the fund, and to determine the level of Iraq's contribution to the fund, based on a percentage of the value of its petroleum exports. The first session of the Governing Council of the United Nations Compensation Commission was held on 2 August 1991 to set guidelines. At the time of writing, no agreement had yet been reached with the Government of Iraq regarding the sale of Iraqi oil.

Notes (continued)

4/ The Government of Seychelles has expressed interest in the possibility of UNDP assistance to assess the impact of the Gulf crisis. Seychelles is one of the 21 countries applying to the Security Council under Article 50 of the Charter. Further information on the needs in Seychelles may be made available at a later stage.

ANNEX

GULF CRISIS RECOVERY PROPOSALS (AS OF 1 NOVEMBER 1991)

Priority area/proposals	(Millions of dollars)
I. HUMAN DEVELOPMENT AND RETURNEES	
A. Regional proposals	
Human Development and Returnee Programme for Arab Region and Asia	8.0
Gulf War Recovery Programme for Women (Jordan, Lebanon and Yemen)	3.0
B. Country/territory-specific proposals	
Jordan	4 500.0
Occupied Palestinian territories	86.5
Syria	1.8
Sudan	7.6
Viet Nam	3.9
Yemen	245.0
II. ENVIRONMENTAL REHABILITATION	2 800.0
III. MANAGEMENT OF THE ECONOMIC IMPACT OF THE GULF CRISIS	
A. Regional proposals	
Central and Eastern Europe regional trade proposals	2.5
Central and Eastern Europe regional energy proposals	0.5
B. Country-specific proposals	
Algeria	0.5
Djibouti	8.5
Lebanon	1.05
Mauritania	a/
Turkey	108.6

a/ Proposals not yet received.